

The metallic circulation of the country consisted chiefly of gold after the adoption of the gold standard in 1896, and more than one quarter in United States gold coin.<sup>1</sup>

Semi-annual reports are required of banks of issue in Guatemala and the government designates experts to make periodical examinations of their books.<sup>2</sup> A cash reserve of fifty to sixty per cent, was required to be held against notes, but this requirement was generally ignored and the circulating medium came to consist entirely of bank paper and nickel coins. The issue of uncovered notes was further dealt with by a decree of June 25, 1903, which required that future issues should be covered by gold and silver in the proportion of ten per cent, for the first year; twenty per cent, for the second year ; and thirty per cent, for the third year.<sup>3</sup> Even this law has not been fully carried out and the value of the paper peso has fallen to about ten per cent, of its old legal value. The estimated amount of such paper at the close of 1906 was 43,908,000 pesos, of which the gold value was about \$4,400,000.\* The number of banks issuing notes is six,—the International Bank, the Columbian Bank, the Commercial Bank, the Bank of Guatemala, the Bank of the Occident, and the American Bank.

The only bank of issue in Nicaragua is the London Bank of Central America, limited, whose head office is in London. The bank was founded in 1888, with a nominal capital of £600,000, under the name of the Bank of Nicaragua, but only 19,567 of the 60,000 shares have been issued and only fifty per cent, has been paid up on these. The shareholders are liable only for the amount of their stock, and government officials have the right at any time to make an inspection of the books and cash of the bank. The reserve is required to be kept in silver and must equal forty per cent, of the outstanding circulation. The bank is not subject to special taxes and has the privilege of using the national railway,

<sup>1</sup> *Statesman's Year Book*, 1908, 883.

<sup>2</sup> *Report of the Comptroller of the Currency*, 1805, 85.

\* *Statesman's Year Book*, 1908, 1144.

<sup>4</sup> *Report of the Director of the Mint*, 1907, 239.